MORI DocID: 23754

[redacted]

SUBJECT: Talking Paper [redacted] - 14 October 1970

I. SITUATION

A. Military

1. President Frei and the highest levels of the Armed Forces remain unable to pull themselves together to block Allende. Even though Frei and the military are not enthusiastic about turning the government over to a Marxist, they have not been able to find a solution for stopping Allende. [redacted]

2. [redacted] Only one military leader of national stature, General Roberto Viaux, appears committed to denying Allende the presidency. But as a result of an unsuccessful coup attempt last year, General Viaux was retired and no longer has a troop command [redacted]

B. Economic

1. The economy continues to deteriorate slowly and without dramatic impact. Some middle and upper class Chileans are fleeing to Argentina and other countries. A heavy foreign exchange demand has caused the Central Bank to cut tourist allowances in half, and upward pressure on black market rates has resumed. French and British business interests, however, have signaled their intention to conduct business under Allende by firming up pending financial plans before the Congressional run-off. [redacted]

[redacted] 03093

Approved for Release
Date APR 1999

MORI DocID: 23754

[redacted]

C. Political

1. ALLENDE

a. At the recent PDC junta, Allende received the party's endorsement on condition that he agree to a constitutional amendment guaranteeing democratic freedoms. The PDC national council and the UP national coordinating committee met and promptly approved a constitutional amendment which was submitted to the lower house and will probably be passed this week. This constitutional reform package includes guarantees for: (1) the right of political parties to organize and use publicly-owned media; (2) freedom of speech; (3) freedom of education; (4) freedom of unionization; (5) freedom of movement in and out of Chile; (6) freedom of public assembly; and, (7) the preservation of a professional Armed Forces.

b. Since the PDC junta, Allende has attempted to reduce frictions within the UP and improve his image abroad. He has reacted to international press pressures by advocating the establishment of committees in foreign capitals to offset adverse criticism of the UP and himself. At the same time, Allende has tried to gain support within the military. [redacted]

c. [redacted]

2. [redacted]

a. [redacted]

[redacted] 03094

MORI DocID: 23754

[redacted]

[redacted]

(1) [redacted]

(2) [redacted]

(3) [redacted]

[redacted]

II. [redacted]

a. [redacted]

b. [redacted]

[redacted]

03095

[redacted]

[redacted]

c. [redacted]

III. [redacted]

1. [redacted]

2. [redacted]

3. [redacted]

4. [redacted]

[redacted]